THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) In the meeting of Empowered Committee of State Finance Ministers held on 18th June 2004, States and Union Territories have arrived at broad consensus to introduce VAT *w.e.f.* 1st April, 2005.

(b) to (d) The actual amount of revenue loss suffered by any State as a result of introduction of VAT can be assessed only after VAT is actually introduced and such loss shall be compensated by the Government of India @ 100 percent in 2005-06, @ 75 percent in 2006-07 and @ 50% in 2007-08.

Pre-payment of loans of States

1436. DR. T. SUBBARAMI REDDY:
PROF. ALKA BALRAM KSHATRIYA:

Will the Minister of FINANCE be pleased to state:

(a) whether State Governments has been asked to pre-pay some of their loans taken from public sector financial institutions by partial funding support from the Centre;

(b) if so, whether the Centre has floated scheme of pre-payment last year and no State Government has taken the advantage of facility so far, to pay off some of their high-cost loans;

(c) whether States claim that they have no funds to undertake debt swap, which was expected to run parallel with other popular scheme to liquidate loans taken from Central Government; and

(d) if so, how many States have so far repaid loans and accepted Centre's offer?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) No, Sir. However, States have been assisted to pre-pay their outstanding high cost loans of the Financial Insitutions by permitting them additional open market borrowings/consent under Article 293 (3) of the Constitution of India to obtain fresh low interest bearing loans from Banks/FIs. A statement indicating the amounts permitted to be raised as additional market borrowings or from the financial institutions/banks for which the consent under Article 293 (3) of the Constitution of India was accorded during 2004-05 (so far) for pre-payment of their high cost Institutional loans is given in the Statement (See below).

No State has been refused permission for this purpose.

Statement

Amounts permitted to be raised through Market Borrowings and Financial Institutions for which the consent under Article 293(3) of the Constitution of India accorded to States during 2004-05 (so far) for pre-payment of their high cost Institutional loans.

(Rs. in crores)

Sl. No.	Name of State	Additional Market Borrowings	Article 293 (3) permission for funds from Banks/Financial Institutions
1.	Gujarat	---	390.21
2.	Kerala	327.19	---
3.	Madhya Pradesh	337.25	---
4.	Maharashtra	941.86	---
5.	Meghalaya	49.21	---
6.	Mizoram	46.82	---
7.	Nagaland	8.93	---
8.	Orissa	37.47	---
9.	Rajasthan	---	893.90
10.	Sikkim	19.48	---
11.	Uttar Pradesh	*964.97	---

*The State of Uttar Pradesh has been permitted to raise Market Borrowings of Rs. 964.97 crores for pre-payment of RIDF loans to NABARD. The amount could not be raised by RBI due to poor response.

Universal Health Insurance Scheme

†1437. SHRIMATI SUSHMA SWARAJ: Will the Minister of FINANCE be pleased to state:

(a) whether the incumbent Government have launched a Universal Health Insurance Scheme replacing the Health Insurance Scheme launched by the previous Government.

(b) if so, the amount allocated for this scheme; and

(c) the number of persons/families benefited from this scheme?

†Original notice of the question was received in Hindi.